

**Pay for Success (PFS)**  
**Grant Project**  
**Request for Proposals (RFP)**  
**Frequently Asked Questions (FAQs)**

**Updated January 28, 2016**

*The information contained in this document has been compiled from current PFS Grant Project questions related to the RFP and the application process as well as questions from similar solicitations.*

*This document will be updated as additional questions are posed or for clarification purposes.*

Assembly Bill (AB) 1837 (Atkins), enacted the Social Innovation Financing Program (SIFP) to be administered by the Board of State and Community Corrections (BSCC) and funded through the Recidivism Reduction Fund. The broad purpose of the program is to reduce recidivism. SIFPs, also referred to as “Pay for Success” (PFS) projects are innovative funding models that help government better serve underserved populations. Under a PFS model, governments, service providers, and investors agree in advance on targeted outcomes for underserved populations. Private investors and philanthropy provide operating costs to fund effective programs. If and when targeted outcomes are achieved (determined by an independent evaluator), government makes “success payments” to investors.

The PFS Request for Proposal outlines the details, application requirements and rating criteria of this project and can be found on the BSCC website at: <http://www.bscc.ca.gov/>

**Update: Will my application be eliminated from the rating process if I do not have a nonbinding letter of support or interest from an investor or other parties to the proposed contract?** Applicants that have not secured nonbinding letters of intent or support should submit their proposal without it. Applicants that are unable to include letters of support or intent will not be disqualified from the rating process. Support/interest letters will be considered as part of the rating criteria and those applications that do have letters of support/intent for their particular project may score higher on this rating factor. In the absence of a letter, applicants may want to consider including information within the narrative sections about efforts made short of securing a letter(s).

**Eligibility and Services**

**Who is eligible to apply?** Legislation indicates that a County Board of Supervisors is the eligible applicant for the PFS Grant Project on behalf of government agencies (implementing agencies) that fall under their authority; the PFS Grant Project agreement must be between the County BOS and the State (via the BSCC). Government agencies could include Sheriff’s Offices, Probation Departments, Mental

Health Departments, or other county departments that have the capacity to deliver services for the broad purpose of recidivism reduction. Two or more county departments may partner to submit a single, joint collaborative proposal through their BOS.

**Can two or more counties submit a joint application?** Yes, a county may partner with other counties to apply jointly or as a region. If a joint or regional proposal is submitted, one County BOS must be identified as the primary applicant and will be responsible for all aspects of grant administration and management.

**Can a County BOS submit more than one proposal?** A County BOS may submit only one joint/regional application or one individual application per county. Multiple applications from a county for the PFS Grant Program will not be allowed.

**Are there specific evidence-based practices/strategies the raters are looking for in the projects it will fund?** No. Appendix E of the RFP provides a partial listing of resources on evidence-based programs, practices and strategies utilized throughout the country. Applicants need to anchor their proposed project in an evidence-based practice and/or strategy that has proven effective in reducing recidivism among the mentally ill offender population (for both adults and juveniles). It is important to include research and data to support the use of the evidence-based practice/strategy in the proposed project, given the target population.

**Is it acceptable to utilize multiple/various evidence-based practices, strategies, models, etc., within the project design?** Yes, depending on the different activities addressed in the applicant's project. The broad purpose of these funds is to reduce recidivism using evidence-based approaches that may address such issues as homelessness, substance abuse and unemployment. Multiple approaches may be needed to achieve this supported by using the four principles of effective intervention (risk, need, treatment and fidelity (Page 5-7 of RFP).

**Can counties use PFS grant funds to continue existing programs?** Counties may not use grant funds to supplant (replace) funds already dedicated to a program. However, counties may use these grant funds to expand, enhance and/or augment an existing effort. Program expansion includes, but is not limited to, increasing types of services currently offered or extending existing services to a larger target population or new geographic area.

### **Funding Period and Target Population**

**Will the grant period be extended?** Yes, Assembly Bill 1050 was enacted in October 2015 after the solicitation was issued which extended the program for an additional

two years. The new project period will commence on May 1, 2016 and end on October 31, 2021.

**What is the appropriate target population for this project?** Eligible target populations are juvenile or adult offenders who are at risk of reoffending.

### **Funding and Match Obligations**

**How is the grant amount determined for the three counties selected?** The PFS Grant Project provides approximately \$4,750,000 to contract with three counties in amounts of not less than \$500,000 and not more than \$2,000,000 for the purposes of entering into a pay for success or social innovation financing contract with a private investor(s). This is a competitive-bid process and applicants determine for themselves how much BSCC funding they need to apply for to support their project. As stated, the amount applied for cannot be less than \$500,000 and not more than \$2,000,000. In the event that the 3 top ranked proposals each requested \$2,000,000, the highest ranked proposal will be funded first followed by the next ranked proposal until the funding runs out. It is possible that a lower ranked proposal may not be offered full funding.

**What can the grant funding be used for?** Up to 10 percent of the BSCC grant funded award may be used by the counties for administrative expenses. The remaining 90 percent must be set aside by the county to repay investors upon the achievement of specific outcomes based upon defined performance targets. Any unused state moneys shall revert to the General Fund.

**Typically, what type of “Investor” would be envisioned for participation in this project? Would a local utility, or a Walmart/Target qualify, or is the intent to enlist individual “angel” investors?** Funding could come from any number of private investors. Target Corp or Walmart may do philanthropic investments. Bank of America also does. Our technical advisors from the Harvard Government Performance Lab can provide direction and guidance on this issue. Pro bono assistance can be obtained from the Harvard Fellows assigned to our project by emailing Joyce Carroll at [joyce.carroll@bscc.ca.gov](mailto:joyce.carroll@bscc.ca.gov).

**What is the match obligation?** A minimum of 100 percent match of the PFS Grant Project funding is mandatory. Other county, federal, private, or philanthropic funds may be used to meet the match requirement. Resources required for the match obligation may be cash or in-kind contributions or a combination of both, and must be documented.

**How does the county match work? If a county were to apply for \$500,000, would they have to match \$500,000 AND secure private investments worth \$500,000? Or could the County use its \$500,000 match to operate the program (instead of getting private investors), and then have the County funds reimbursed by the BSCC grant funds if the program succeeds?** The intent of AB 1837 is that counties selected through this competitive bid process will enter into a social innovation financing contract with private investors for the purpose of developing programs aimed at recidivism reduction. This means that it is required that private funding be raised for upfront costs of the project although matching funds may be used to enhance these operational costs. The BSCC grant funds are to be reserved to pay a return on the private investment if outcomes agreed upon in advance are achieved. There is no provision in the program that allows for repayment of matching funds to the county through grant funding.

**What is a typical return on investment?** Single to low double digits is the typical rate of return.

**Does county match need to be set aside?** No. County match does not have to be set aside however, if the county is using some or all of their match for repayment to the investor upon achieving predetermined outcome targets, the county match will be applied first before using BSCC grant funding.

**Can interest earned on grant funds be used for the project?** Yes. If interest is earned on generated income from an interest bearing account, project income shall be used by the grantee for the purpose of furthering the objectives of the legislation under which the award was granted. Project income may only be used for allowable project costs related to the repayment of investors upon achieving predetermined successful outcomes.

### **Technical Assistance and Support for Applicants**

**The PF Grant Project and RFP process is complicated. What resources are available to help applicants?** The PFS Grant Project has many requirements and components that are unfamiliar to most grant applicants. For this reason the BSCC has arranged for technical assistance to be available to applicants that would like help in determining the feasibility of implementing a PFS project or support in understanding the components of a PFS program. This pro bono assistance is provided by the Harvard Kennedy School's Social Impact Bond (SIB) Technical Assistance Lab. Applicants interested in receiving technical assistance can email [Joyce.Carroll@bscc.ca.gov](mailto:Joyce.Carroll@bscc.ca.gov).

**How can I locate investors who might be willing to invest in my county's project?** The Harvard Kennedy technical consultants can help applicants connect with resources related to finding investors and the intermediaries who can locate funding sources. (Third Sector, local consulting firm or foundation). Applicants interested in receiving technical assistance can email [Joyce.Carroll@bscc.ca.gov](mailto:Joyce.Carroll@bscc.ca.gov).

**Is there time built into the project for program development?** Yes, a ramp-up period is set aside for up to 6 months (May 1, 2016 to Oct 31, 2016). Due to the complexities of the project this time is made available for grantees who may not be "shovel-ready" for implementation on the first day of the project period. To assist applicants with the time needed for project development, this ramp-up period will be permitted, after which time the project will be expected to have required contracts finalized and ready to begin program operations.

### **Reporting and Evaluation Requirements**

**What reporting and evaluation be required?** The program requires awarded counties to report their progress annually to the BSCC. The BSCC is required to annually compile those reports and submit a summary report to the Governor and the Legislature. Additionally, grantees are to contract with an independent evaluators to identify the predetermined outcome measures and determine the extent to which a program is effective in achieving targeted outcome. Grantees will also be required to submit six-month progress reports throughout the project to provide regular updates on the status of the project and a financial reporting of expenditures (see page 11 of the RFP for more details).

**Is any specific evaluation design required? Will a more rigorous evaluation design get more points?** No specific design is required however, applicants are encouraged to utilize a rigorous evaluation process, which includes outcome measures that are credible and easily tracked by a cost effective means, and the method by which the impact of the program on the outcome measures will be determined. There are rating criteria identified in the RFP that are associated with evaluating this issue.

**How will the third party/independent evaluator and evaluation be paid? Will it come out of match?** Third party evaluations could be paid for with investor and/or match funding.

## **Application and Formatting Requirements**

**Can we provide additional attachments, reference material or letters of support from partnering agencies as part of our county's submittal packet?** Only nonbinding letters of intent/commitment from potential parties to the contact (evaluator, intermediaries, investors, service providers) and the Board of Supervisors Resolution will be provided to the raters. Any additional information submitted outside the narrative for Sections II–VII (a) (20-page maximum), Sections I, and VII (b)-VIII (tables) will not be provided to the raters.

**Do I have to use the RFP format as it is posted on the website?** Yes. Proposals submitted must use the RFP document provided on our website <http://www.bscc.ca.gov/>. You may not delete the RFP narrative, questions, headers, etc. in order to “create” more writable space. The on-line RFP is already formatted with the 1 inch margin settings, 12-point Arial font, and 1.5 line spaced, as specified in the RFP. These formatting criteria are part of the technical compliance review completed prior to RFPs being forwarded to the raters.

**The RFP states to answer the questions in the space provided but there isn't sufficient room to respond. Can I use additional pages?** Each fill-in section will expand as narrative is typed/copied into it. Sections II through VII(a) may not exceed 20 pages in total. If you experience technical problems with the RFP document, please contact the BSCC.

## **Miscellaneous**

**Can an applicant contact the raters?** No, for questions or information related to the RFP or the evaluation of proposals, contact Colleen Stoner at [Colleenstoner@bscc.ca.gov](mailto:Colleenstoner@bscc.ca.gov)